

## Stark Opening Remarks At A Hearing On Medicare Advantage Audits

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### STARK OPENING REMARKS AT A HEARING ON MEDICARE ADVANTAGE AUDITS

WASHINGTON,  
D.C. -- Representative Pete Stark (D-CA), Chairman of the Ways and Means Health Subcommittee, delivered the following opening remarks at today's hearing on Medicare Advantage audits.

"I thank  
Chairman Lewis of the Oversight Subcommittee for joining me to discuss the lack of oversight of Medicare Advantage Plans. This is the third Ways and Means hearing this year to discuss the Medicare Advantage industry. The focus of this hearing is on private government contractors receiving billions of dollars to administer a government program with no oversight or control by the Administration.

"The  
Government Accountability Office will review for us their first oversight in six years on private Medicare plans, whether they've been known as Medicare Part C, Medicare+Choice, or Medicare Advantage. During that time, Congress has never asked the Administration to report or review these programs. We spent \$56 billion on these plans in 2006 and will spend north of \$75 billion this year, with over 8.3 million beneficiaries enrolled. Yet for six years, nobody thought that the plans required any oversight.

"When the plans formally asked to join Medicare in 1982, we heard the tired refrain that private industry does everything better and cheaper than government so the payment was set at 95% of FFS. Then the plans came back a few years later and said they could do it better, but only if they could be paid as much as Medicare. Then, in 2003, they said they could provide "choice" or an "advantage," if only they could be paid more than Medicare.

"The Medicare Payment Advisory Commission, CMS's own Actuary and the Congressional Budget Office each estimate that Medicare Advantage Plans are overpaid. MEDPAC estimates the average overpayment is 112% of Medicare's costs with plans in some areas exceeding 150% of Medicare's rates. It's no secret that many of us find this wrong — as do many of America's taxpayers.

"These overpayments increase premiums for all Medicare beneficiaries and the so-called "additional" additional benefits to MA enrollees are elusive, often designed to weed out less healthy, more expensive beneficiaries. CMS's actuary estimates that the overpayments to Medicare Advantage reduced the viability of the Medicare trust fund by three years.

"Those who wish to see Medicare Advantage continue must accept that we demand transparency. We will hear claims today that Medicare Advantage provides increases in benefits to enrollees, and at a 12-20% premium over traditional Medicare, they ought to. But even these claims are not substantiated by any factual reporting or detail. Those who sing the praises of Medicare Advantage must accept responsible oversight. If you think this program is helping beneficiaries and the integrity of the Medicare system, you should be able to provide detailed accounting of what is promised and delivered and explain how much is paid for these services.

"GAO reports that CMS audits only a small percentage of the bids that plans submit — even though the law requires them to audit one-third. What's even more disturbing is that while they have failed to meet the terms of the law, even the small percentage they review reveals large discrepancies with millions of dollars in lost benefits and incorrect accounting. The few audits that are actually performed only show us what plans offer, not the benefits that they actually deliver. In a \$73 billion program, we have no idea what benefits are being delivered. That's not good government, it's dereliction of duty. I hope today we can dispense with the sales pitches and get some facts and figures that will help us determine the value of MA to anyone other than the stockholders or the providers."